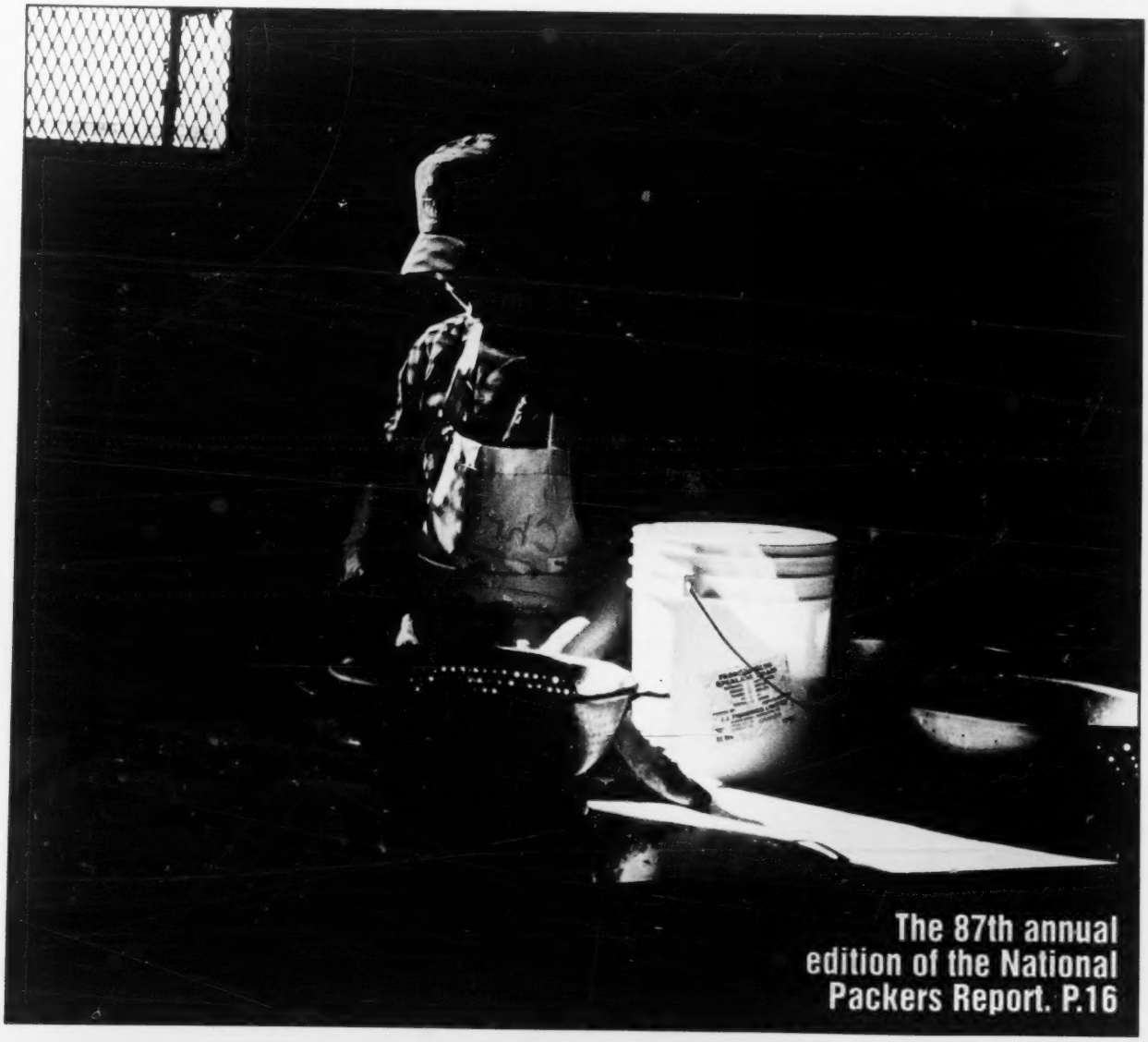
C4825-3-4

POND PRICE
PROCESSED PRICE
(Source: USDA)

SEAFOOD SUPPLIER

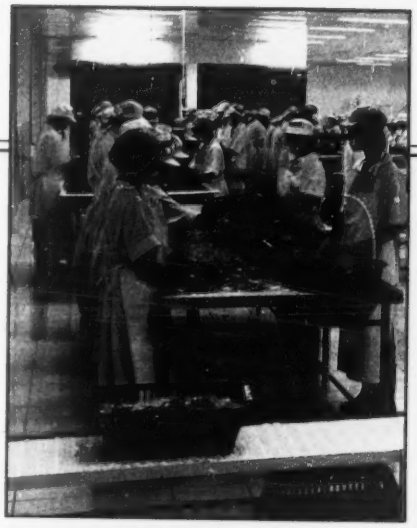
A SUPPLEMENT TO SEAFOOD BUSINESS MAGAZINE MARCH/APRIL 1990

SUPPLIER NEWS . . . P.7
NATIONAL PACKERS REPORT . . . P.16
SETTING UP SHOP . . . P.35
THE FACTORY TRAWLER PERSPECTIVE . . . P.54



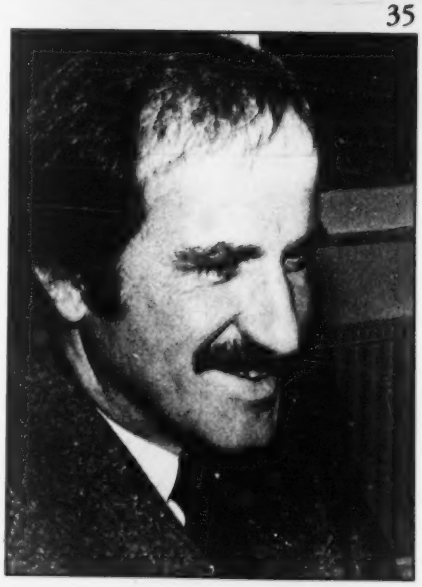
The 87th annual edition of the National Packers Report. P.16

CONTENTS



32

35



54

FEATURES

1990 National Packers Report 16

The tradition continues. Since 1903, *The National Packers Report* (then called *The Pacific Fisherman*) has been reporting on the productivity of the seafood-processing industry. Times have indeed changed, and the "Packers Report" has changed along with it. The 1990 report chronicles some important changes — the downside of overfishing and the promise of aquaculture. In this, the 87th edition of "The National Packers Report," *Seafood Supplier's* Atlantic and Pacific editors took a look at the country's major species and filed this year's report. *By Karen Straus and Kathrine Marris*

Introduction ____ 16
Groundfish ____ 18
Catfish ____ 20
Salmon ____ 22
Snapper and Grouper ____ 24
Tuna and Swordfish ____ 26
Crab and Lobster ____ 28
Mollusks ____ 30
Shrimp ____ 32

Setting Up Shop 35

A successful seafood plant is based on four primary elements: foresight, quality, efficiency and flexibility. We present four very different companies that have those four qualities in common. *By Nancy Griffin, Kathrine Marris and Terry Johnson*

DEPARTMENTS

The Cutting Edge 3
Supplier Business 7
Product Exchange 50
Upstream 47
Guest Comment 54

A supplement to *Seafood Business* March/April 1990
Seafood Supplier is published semi-annually
by Journal Publications, 120 Tillson Ave., Ste. 201,
P.O. Box 908, Rockland, ME 04841-0908.
Tel. (207) 594-6222.

The 1990 National Packers Report

A chronicle of change and diversity in a globalized industry

Some 87 years ago, another editor was busy preparing the first edition of "The Pacific Packers Report," which at the time was a yearbook publication called *The Pacific Fisherman.* The task was conceived and undertaken to provide an information service that didn't exist prior to 1903 — a report on the volume of fish packed in the Northwest.

A search of files turned up no notes from that editor, no warnings or advice preserved in writing for future "Packers Report" editors. Sometimes at company functions, however, stories are told about the yearly trauma of compiling figures for the report.

Many of you remember *The Pacific Packers Report* and its pages of numbers detailing the tuna pack, the salmon pack and other landings as well as statistics pertinent to the seafood industry of its day. There were also articles that chronicled the development of the U.S. seafood industry.

The cynic would read back issues and note the higher landings totals of the past, while the optimist would be amused by the similarities between the problems of then and now — one packer undercutting another's price, the demise of sardine populations, the bycatch of marine mammals by tuna fleets. Presumably, both readers would gain new insights from the review.

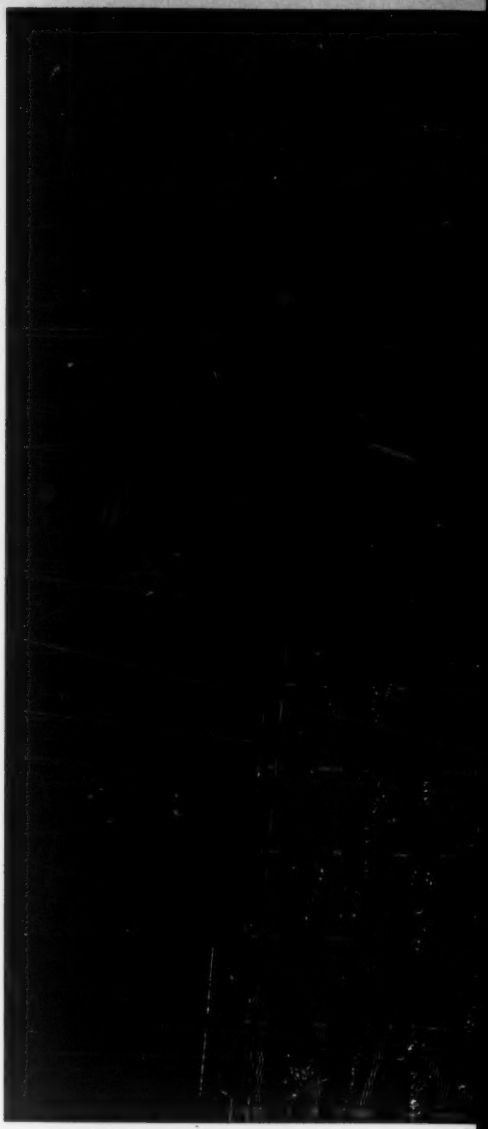
The Pacific Fisherman gave way to *The Pacific Packers Report,* which inspired *Seafood Business Report* (with an annual "Pacific Packers Report" section), later called simply *Seafood Business.* To provide a supplier-oriented publication, *Seafood Business* then created *Seafood Supplier,* and "The Pacific Packers Report" became "The National Packers Report." The information's presentation continues to evolve, as does the industry it serves.

The purpose of this edition is not, however, to review 87 years of the seafood industry; we'll save that for an anniversary milestone issue. The purpose of "The 1990 National Packers Report" is to provide a 12-month perspective on the seafood-supply industry proper. In our examination of the ups and downs of 1989, we hope to provide you with insights and perspectives that will serve you well into the 1990s.

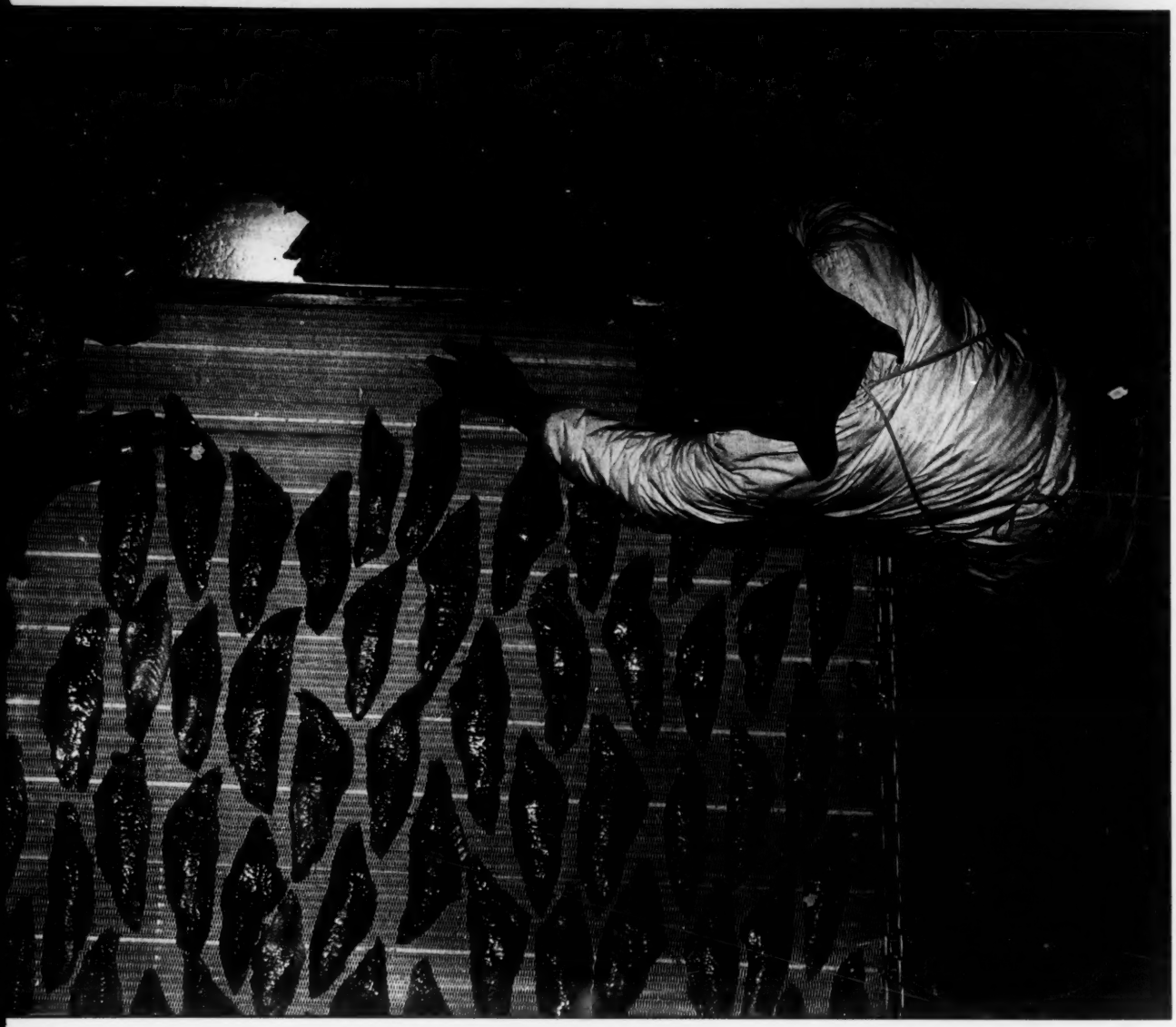
This 87th edition chronicles an industry whose success lies in its diversity. Today's seafood supply is fished from factory trawlers, floating cities that roam the sea hundreds of miles from shore, and from ponds dug in the ground in Mississippi, Asia and Africa. Seafood has become the air-cargo industry's No. 1 customer. We are as likely to find South American and New Zealand fish at our local fish market and seafood restaurant as we are New England cod and Alaska salmon.

A seafood company's success in 1990 is dependent on different criteria than in 1903, even vastly different than in 1985. Years ago, the company that caught and packed the most fish made the most money. Nowadays, marketing plays a much more important role in determining the financial rewards of a good harvest.

Take the farmed-salmon industry, for example. In 1989 Norwegian salmon farms produced 160,000 tons of Atlantic salmon. The fish were of excellent quality, but not enough attention was paid to marketing the product, and that tonnage, combined with that of other salmon-farming countries and the wild harvest, was more than the salmon-consuming public could absorb. In 1990, market development is as important as fisheries management.



Seafood has become the air-cargo industry's No. 1 customer



MICHAEL NAKAMURA

Ocean perch fillets are fed through the freezing line at a processing plant in Washington state.

Also of vital importance to the industry is communication. Information travels fast nowadays, misinformation as quickly as correct information. A misinformed consumer group can do serious damage to the public trust. Keeping trade, food and consumer press informed and educated needs to be a part of everyone's marketing plan, whether in the form of support for national organizations such as NFI and the National Fish & Seafood Promotional Council or regional fisheries-development associations.

In 1989, the apple industry suffered through an episode of consumer outrage from which it has yet to recover, and remember what happened when two Chilean grapes were tampered with. The seafood industry was caught equally unprepared when fish with hypodermic needles in them appeared on magazine covers in supermarket check-out-lane racks.

Seafood Supplier's Atlantic and Pacific editors, Karen Straus and Kathrine Marris, spoke with dozens of processors, buyers and industry pundits to compile this report. They sorted through production figures, opinions and projections, synthesizing the data and focusing on the important issues and events pertaining to the major species in the American seafood market.

That market is no longer defined by a border that starts in Maine, travels south to Florida, across to California and, skipping western Canada, into Alaska. Freezing at sea and a worldwide network of airports and cold-storage facilities have globalized the seafood market beyond national borders.

The American industry that was once defined by how many pounds were canned in the Northwest now defies such easy definition; the farms, airplanes, reefer trucks, cargo ships and factory trawlers have had that effect. Production quantities, marketing efforts, transportation restrictions and opportunities, and supply management are the factors shaping today's seafood-supply industry. The pages ahead detail how the cards fell and the hands were played in 1989.

—Kerry Leichtman

Summary: Calling Atlantic cod supplies tight in 1989 is a matter of relativity. Relative to 1981-84, supply was down; relative to 1987-88, supply was okay.

Groundfish

Eastern slump, Western boom

"I've been looking for the light at the end of the tunnel, only I haven't even found the tunnel yet," said an East Coast groundfish supplier as he summed up 1989. "It was a traumatic year."

Diverse factors, ranging from dwindling stocks and reduced quotas to aquaculture, interchangeability of species and computer ordering, shaped the 1989 market. Cod marketers also took action to move their fish to the center of the plate, trending prices up, hoping to dampen public perception that cod is a less valued commodity.

No surprise to anyone, cod quotas continued their downward spiral as North Atlantic fishing countries sought ways to husband declining stocks. Besides reduced quotas, Canada's east coast fishing industry also felt the effects of a spring labor dispute. Some in the industry think the strike had a positive effect by helping reduce inventories; others felt the strike allowed alternative whitefish species to gain a foothold in a weakened groundfish market.

Calling Atlantic cod supplies tight in 1989 is a matter of relativity. Relative to 1981-84, the last good years, the '89 supply was way down. Relative to 1987-88, the '89 supply was okay. Said one Boston supplier, "There wasn't any time that we didn't have groundfish. Prices a couple of times during the year went high, but we expect those kinds of prices with the short supply we've had over the last few years."

According to one supplier, the effects of long-term short supply were keenly felt in 1989. End-users, buffeted by the breezes of scarcity and unstable pricing, sought shelter with other species, causing what could be termed the alternative whitefish backlash. Cusk, hake and wolffish attracted increased interest, and for the first time in one supplier's memory, East Coast pollock ex-vessel prices exceeded those for cod. There were also dramatic increases in the number of Latin American whitefish species being marketed as cod substitutes, although New Zealand's hoki is still considered the top contender.

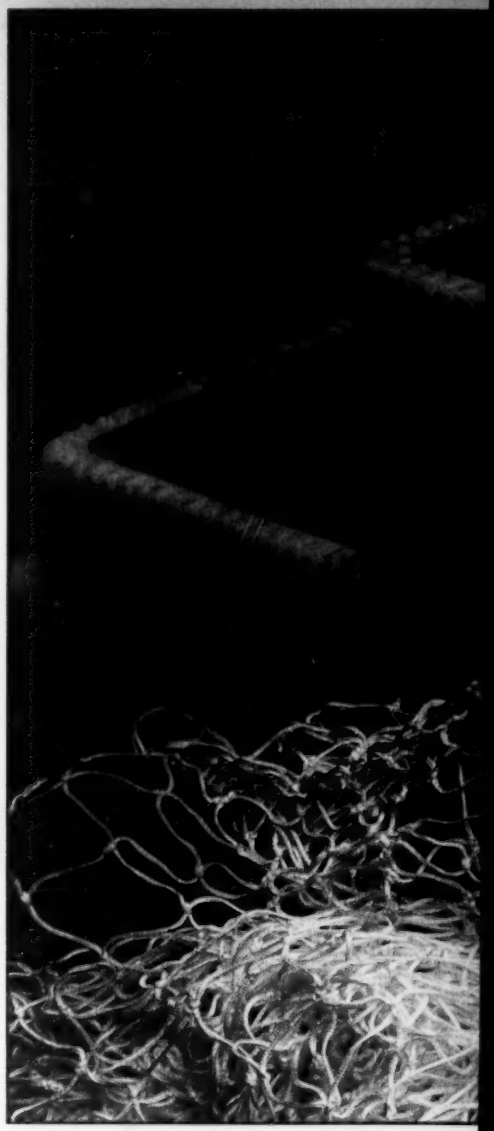
The aquaculture revolution also took its toll. One groundfish supplier noted that constant availability of a good product came as a surprise to a lot of people, because they hadn't factored that in.

Overall, Atlantic groundfish blocks traded within narrow margins in 1989, with fewer peaks and valleys than the year before. The U.S. imported, from January to November 1989, 137.9 million pounds of frozen cod fillets. Canada and Greenland were the primary suppliers. During the same period, 39.5 million pounds of frozen cusk, haddock, hake and pollock fillets were imported. Iceland and Canada were the top two suppliers.

Throughout the year, demand for flatfish was greater than supply. Factors influencing the market were unfavorable European currency exchange rates and reductions in Canadian quotas, which allowed the market for Pacific yellowfin sole to open up. The U.S. imported nearly 49 million pounds of frozen flatfish fillets in 1989, with Canada and Korea being the primary suppliers.

The Pacific industry

On the West Coast, the year told a different story. There, pollock was just one species that had plenty to be cheery about. It was meeting with a growing acceptance. The Long John Silver's chain added a pollock entree that went over well. Pollock was also more likely to show up in retail cases and in fillet form on other restaurant menus. Demand was up, and so was supply.



Korean block production was on its way to becoming extinct, as labor rates rose. The new kids on the pollock block were the Soviets. They have lots of pollock, and the technology to process it, but questions about quality remained in the minds of potential customers.

On the West Coast, pollock was just one species to be cheery about.

Rumblings of concern about pollock stocks began to be heard, as the

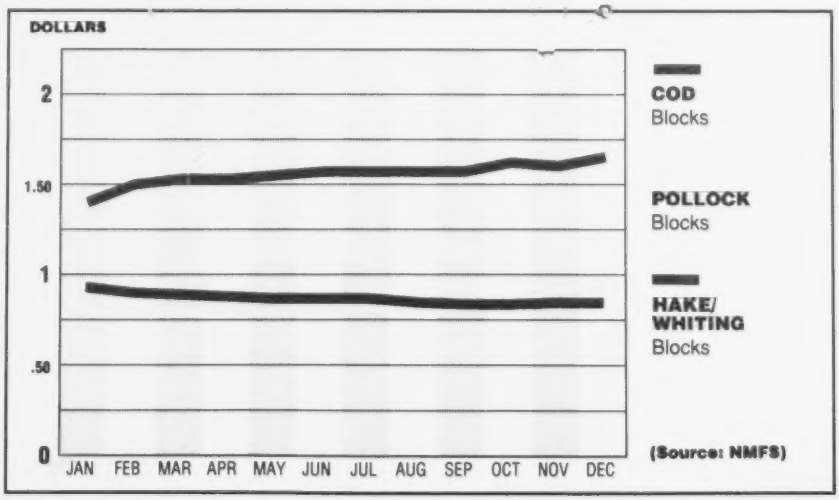
NATIONAL SEA PRODUCTS

factory-trawler fleet grew, and a fight over the resource between trawlers and shore-based plants heated up.

Surimi production kept climbing, but Japan absorbed enough product to keep prices stable, with top grade going for $1.08, No. 2 grade for $1.03 and No. 3 around 76 cents.

As the year began, more Alaska sole was making its way to domestic processors. The Alaska Fisheries Development Foundation's flatfish product had launched a land-based flatfish processing industry in Kodiak, and by year's end there were several plants on line providing IQF fillets for the domestic market, with the Alaskans eyeing traditional East Coast markets. A bottomfish closing late in the year, however, kept supplies tight. □

This well-iced catch of pollock is on its way from the fish hold to the processing line at a National Sea Products plant.



Summary: Production growth and successful marketing were marred by a price war that benefited buyers but devastated farmers and producers.

Catfish

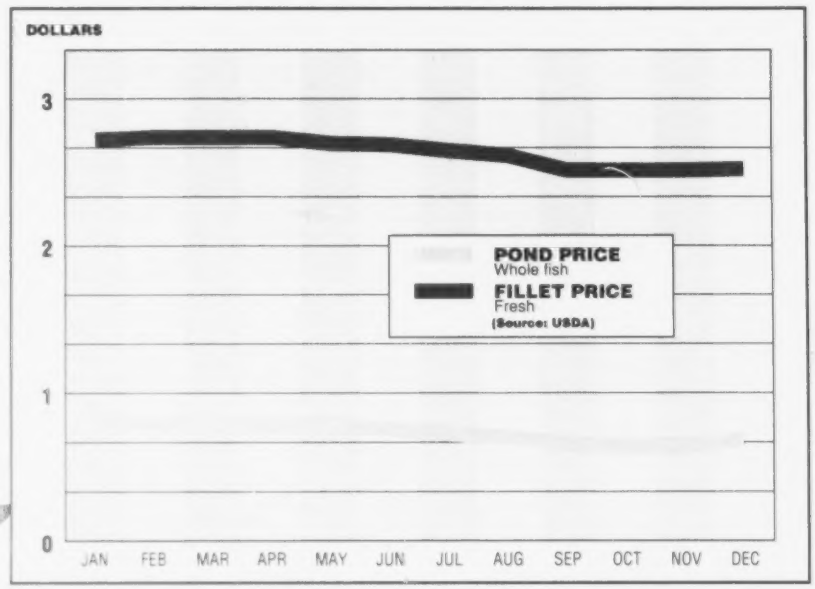
An American success story of sorts

In the world of farmed domestic catfish, 1989 will be remembered as The Year Something Was Done About Prices. Price wars, which have plagued the industry for the past couple of years, were particularly devastating during 1989. In the spirit of a truce, as the year waned, the newly formed Catfish Bargaining Association (CBA) signed up 90 percent of the Mississippi Delta's producers, setting guaranteed prices to farmers for their product.

The 1989 price wars resulted from several years' growth and profit in the industry. By 1988, according to some, several processors had low-balled prices to develop market share. However, demand exceeded supply, and compounding the problem, when supplies ran short, farmers moved smaller 3/4- to 1-pound fish into the market, inadvertently creating a demand from retailers and foodservice buyers, who preferred the smaller 3- to 5-ounce fillets. This left a lot of 1 1/2- to 2-pound fish swimming around in ponds, eating expensive catfish food. By fall of '89, farmers were hard-pressed to keep up with the demand for smaller fish. The processors' dislike of the small fish was evident in the increased costs of processing the pee-wee fillets.

During the shakeout between the farmers and the processors, catfish marketers were busy spending $3.5 million on marketing campaigns to put catfish on supermarket shelves and restaurant menus. Part of the strategy involved moving catfish away from pollock and cod and toward more high-valued species. Marketing paid off; 1989 consumption, based on the number of fish processed, increased 16 percent over 1988. And compared to 1988 processing figures, more catfish were available in '89.

Despite unstable pond prices throughout the year, retail prices remained steady, $4.52 a pound, down only 1 percent from a year earlier. Pond prices dipped to 64 cents in October and November, the lowest price recorded in two years and down 15 cents from the same months in 1988. In the last quarter of '89 alone, prices dropped 20 percent, below most farmers' production costs. In the last month of '89, pond prices moved to 68 cents, 10 cents below the previous year's price.



Marketing paid off. In 1989 consumption rose 16 percent.

In 1989 farmers had some help battling their bottom line; feed costs were lower than they were in 1988. Said one industry observer, "Feed accounts for about one-half of a farmer's expenses. It's good to see such a large part of his expense going down."

More help for farmers arrived Dec. 15, when the Catfish Bargaining Association stepped in. By late December, about 90 percent of the catfish-processing industry started buying farm-raised catfish under a CBA agreement retroactive to Nov. 20. With few exceptions, processors paid growers 70 cents a pound. By Jan. 15 the contract price had risen to 75 cents and to 80 cents during February. A CBA provision allows limited price increases based on market conditions. A pond price of 80 cents is generally regarded as the point where farmers can make a profit.

The industry's three largest processors, Delta Pride, ConAgra/Country Skillet and Farm Fresh Catfish, signed the agreement, as did 14 other catfish processors. The contract covers catfish raised in most of the Mississippi Delta's 82,000 food-fish acres, plus approximately 4,000 acres in Arkansas.

In 1989, 341,900,000 pounds (round weight) of farm-raised catfish were processed, compared to 295,109,000 during 1988. From January through November 1989, 5,386,000 pounds of catfish were imported, up from 5,275,000 pounds during the same period in 1988. □

Summary: Alaska waters provided a record harvest in 1989 — 156 million fish crossed the docks. Farmed-salmon production jumped 80,000 tons. World salmon supply increased by 25 percent.

Salmon

A year of phenomenal growth

Bulging inventories of salmon, inventories that didn't get blown out until well into 1989, started the year as a buyer's bonanza. Add to that a strong Alaska season and tons and tons of farmed salmon, and what you had was a glut of fish and record-low prices.

Alaska waters provided a record harvest of salmon in 1989. Despite early fears about the effects of the March oil spill, it was the biggest catch ever. (Records have been kept since the latter half of the 19th century.) Last year, 711 million pounds, or 156 million fish, crossed the docks with an ex-vessel value of $505 million. Lower prices meant the value of the catch was down by $200 million.

Record numbers of pinks accounted for 99 million fish. There were, in fact, more pinks than the total salmon catch of the previous year. Pinks were three times as numerous as had been predicted.

Undaunted, biologists have gone ahead and made a prediction for the 1990 wild season in Alaska: 106.4 million fish. While not as huge a catch as 1989, it's still a pretty hefty number.

Total U.S. landings reached an estimated 319,000 metric tons (with Alaska providing 300,000 of the total), up from 265,000 the previous year. Canada's wild salmon landings were 80,000 metric tons. (Some estimates are higher for both U.S. and Canadian landings.)

Farmed salmon from around the world has been pegged at 220,000 metric tons. That's a jump from last year's 140,000 metric tons. The Norwegians dominated the farmed-salmon picture, and throughout the year, they kept revising their production figures upward— from 80,000 to 160,000 tons.

Scotland, Canada and Chile continued to expand their farmed-salmon industries. All felt the effects of Norway's production glut, although the Chileans, who are able to live with lower market prices than other producers, suffered less. Farm failures in Europe, the U.S. and Canada were caused by a double whammy of overproduction and overcapitalization.

Heading into 1990, producing nations scrambled to establish marketing plans to see them to the end of the oversaturated market. For some, it is the right thinking applied too late.

Compounding the situation in 1989 was what some called excessive profiteering on the part of retailers. With so much product on the market, farmed-salmon producers, who were selling product for as low as $2.50 a pound, were frustrated at not seeing the lower prices passed along to consumers. Salmon prices, for the most part, stayed high at the comsumer level, which kept product from moving fast enough to help producers through a tough year.

Forecasts for the next two years vary. Much hinges on the Norwegians' efforts to firm prices. The effort centers on a plan to freeze as much as one-third of total production, taking it out of the traditional world market and selling it to Eastern-bloc and other non-traditional markets. A stepped-up, comprehensive marketing program aimed at the trade and consumer markets is also part of the plan.

A lot of farmed production had been going to European smokers and taking the place of Pacific salmon, which had become too pricey. American sellers hoped to regain some of that market but spent much of the year waiting in vain for the Europeans to return. By winter, they had become a little more optimistic. They figured old inventories were finally getting used up, and the fact that Norway was going to freeze part of its production was another favorable factor. "Norway shot itself in the foot," said one American, explaining that with its emphasis on fresh product, Norway wasn't in a position to sell the quality of its frozen product. Alaska fish, on the other hand, had a reputation for longer frozen life and better freezing methods.

> *"Norway shot itself in the foot."*
> —American salmon dealer

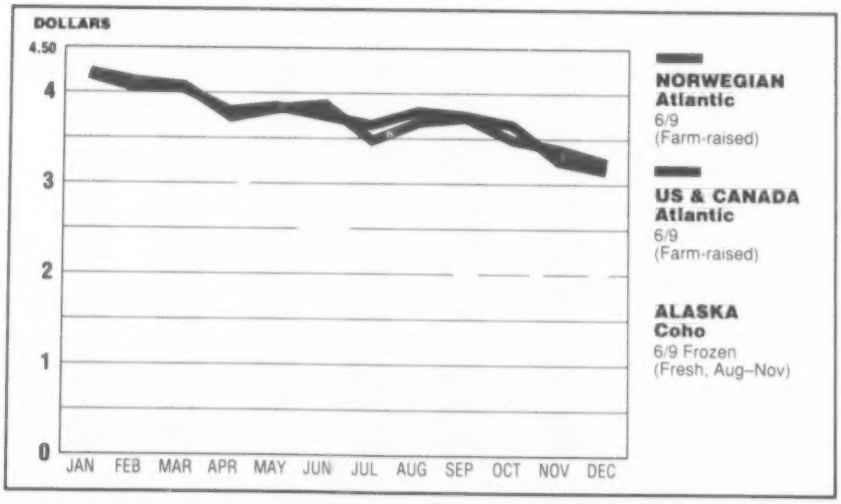
KERRY LEICHTMAN

Sorting salmon at the Marine Harvest facility in Scotland. The Scots, who are trying to expand their farmed-salmon industry, felt the effects of Norway's glut.

The Japanese weren't buying as much salmon as American producers would have liked, either, and sockeye prices took a sharp dive.

A lot of new salmon on the heels of big inventories meant the world supply of salmon increased by 25 percent in 1989, and prices skidded downward by 30 or 40 percent.

Canned stocks were low at the year's beginning, with prices of $150-$160 a case (48-tall) for pinks and $250-$280 for reds, but a huge number of pinks went into the can over the summer, and canned prices fell like a rock to the mid-$60 range for pinks and under $120 for reds. By year's end, over 4 million cases (48-tall) had been packed, an increase of more than 130 percent over 1988 totals. □



Summary: Hurricanes, cold weather and growing demand strained domestic 1989 supply and raised prices. Latin American alternative species helped fill the void.

Snapper and Grouper

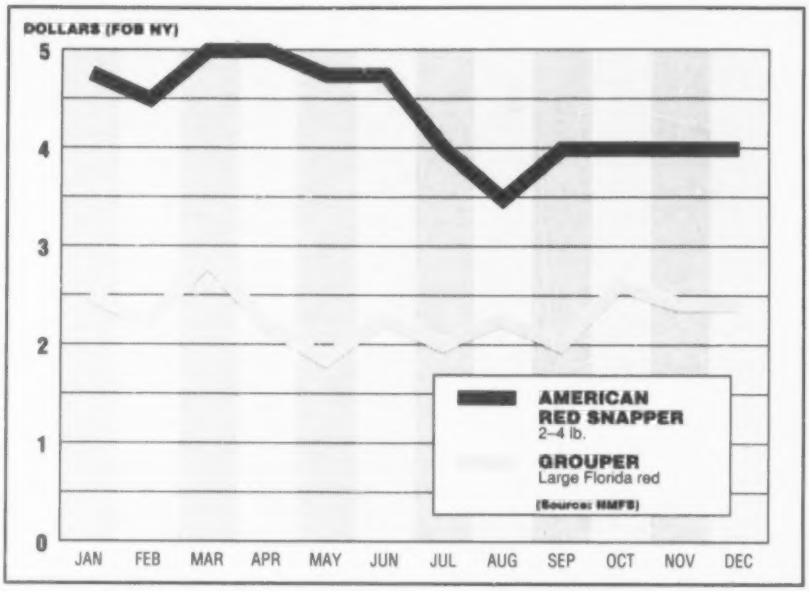
Low supply but high demand

The market for snapper and grouper in 1989 was much the same as it was in 1988: scarce supply and good demand, with high prices most of the year, except for summer months when Mexican product was on the market. Another factor affecting both the '88 and '89 markets was the hurricane season. The resource was devastated after major hurricanes in the fall of 1988, and again in the fall of 1989. The winter of '89 didn't help either, as record cold temperatures enveloped the Gulf. Due to weather, fillet prices in January/February 1989 were pushed up over $5, wholesale. With snapper and grouper fillets at that price level, retailers started looking at substitutes. South American kingklip and Chilean sea bass, which is a hake, filled the void.

As always with snapper, beware of pretenders. The name snapper, especially red snapper, is often applied to fish that are not even lutjanids. Snapper prices deserve snapper quality.

Snapper supplies were still scarce in the spring and prices were up to $2.20 to $2.70 a pound for whole fish. The grouper picture was brighter as Mexican and domestic supplies were good. Prices dropped from a Lenten high of $2 to $2.40 a pound, whole fish, to $1.50 to $1.70 for Mexican product and slightly higher for domestic. Campeche production was consistent, with more supplies appearing from the western Gulf. Prices hit seasonal lows of $3.50 to $4 a pound for fillets, wholesale.

Grouper production remained strong into the summer of '89, with Mexico still the leading producer. Prices stayed at seasonal lows but then rose due to increased demand and lowered supply as Mexican fishermen began fishing for the more lucrative octopus export market. American red snapper, the most popular species, was in short supply on the fresh market. Frozen imports, such as Malabar and mutton snapper from Central and South America, were, however, readily available, easing the supply crunch. Said one Florida supplier, "Domestic supplies seemed to be down from '88. We ended up getting 99 percent of our supply from Venezuela." Prices on imports, he added, were average, but "domestic prices rolled all over the place." A domestic resource that garnered some attention in 1989 was the deep-water wreck grouper fishery. Wreck grouper is actually a sea bass (*Polyprion* genus), a cold-water resource worldwide that is often confused with and substituted for the warm-water groupers found in the U.S. Gulf fishery. True groupers are tropical and subtropical residents of reefs and rock outcroppings. They are classed scientifically as members of the Serranidae family of sea basses, which includes black sea bass.



Prices on imports were average, but "domestic prices rolled all over the place."

Snapper remained in short supply during the remainder of the summer, with frozen production the best buy.

At the close of 1989, prices for both snapper and grouper were high, as demand exceeded supply. Record-breaking cold weather was the culprit. Normally grouper prices drop during the holiday lull, but they didn't in 1989. Prices remained high going into the new year, and demand increased with the arrival of the Gulf state's seasonal residents.

Said one Florida supplier, "Prices were higher than I've ever seen for red grouper." Red and black grouper are the most commonly available commercially, though similar species are seen on the market.

High snapper prices were expected to stabilize when Gulf fishing boats caught up with the supply lag caused by bad weather and when supplies from Costa Rica, Ecuador, Guatemala and Honduras came on the market. □

Summary: Lower tuna catches resulted in lower inventory, with canneries importing more raw material. A NMFS proposal to slash the swordfish catch was dropped.

Tuna and Swordfish

Tight supplies at high prices

In 1989, tuna catches worldwide were down, which served to boost prices. Canned-tuna consumption increased by 8 percent over 1988 figures and fresh-tuna consumption is also on the rise. Said one U.S. East Coast supplier, "People are eating more and more grilled, fresh tuna as an alternative to swordfish." Another supplier added, "The grocery chains are learning how to handle fresh tuna properly."

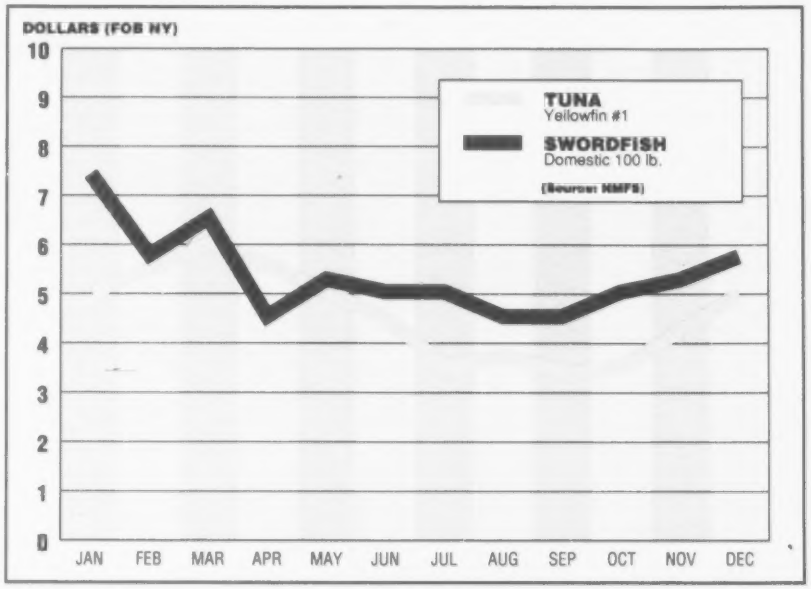
In the eastern U.S., the year started and ended the same way: tight supplies and high prices. A significant drop in Gulf and South Atlantic production caused traditional winter high prices, with boneless tuna loins going for $5 to $6 a pound wholesale in the New England fresh market. On the West Coast, fishermen caught record-sized bluefin at the beginning of '89. Normally the fish are 10 to 50 pounds in size. Of 400 fish caught by one San Pedro purse seiner, the weights ranged from 140 to 840 pounds. The catch fetched $16 to $30 a pound in Japan.

U.S. Gulf suppliers reported weak supply and catches of smaller fish in 1989. Yellowfin were around in the Gulf, but no bigeye to speak of. Prices were erratic through the summer.

Japanese landings were down 12 percent from 1988, with a decline in skipjack landings blamed for the drop. Japanese albacore landings were higher by 14 percent.

Eastern Pacific catches were on par with 1988, with one difference: larger yellowfin and skipjack were caught in 1989. The Mexican fleet caught a record number of fish in the eastern Pacific in 1989, but catches in the western Indian Ocean were slow, with '88 and '89 totals about the same.

Lower catches for the year resulted in reductions in frozen inventory that had been built up at the beginning of the year. Low U.S. tuna-fleet catches resulted in U.S. canneries importing more raw material from Latin America, notably Venezuela, which more than doubled its exports to the U.S., and from Ecuador and Panama.



Swordfish

Swordfish stocks suffered in 1989, keeping prices high for all but a few summer months in New England, when local fresh supplies came on the market, bringing more reasonable prices. The year ended with tight supply on the New England fresh market, with boneless swordfish selling for $6 to $7.50 a pound, wholesale. Everyone expected relief when the Gulf fishery came on, but Gulf swordfish was also scarce. Compounding scarcity problems was high demand for product. Chilean production did not come to the rescue, as it was also off.

During summer and fall of '89, swordfish prices hit $7 to $7.50 a pound, wholesale.

During the summer and fall of '89, swordfish hit $7 to $7.50 a pound wholesale, although prices in the New England fresh market dropped to bargain levels of $3 to $4 a pound when the big fish moved north along the Atlantic. Overall, however, domestic landings were off in the spring and summer, forcing distributors to search for imports.

The year started on a low note — with production in the Gulf and South Atlantic down and prices at their annual high. One Gulf supplier said the overall size of swordfish was down in '89. "I could be shot for saying this, but I think our fish need a rest," he said.

The National Marine Fisheries Service proposed restrictions to reduce the catch by as much as 70 percent in 1991 but later dropped the idea.

From January through November 1989, the U.S. imported 12,465,442 pounds of fresh swordfish and 1,975,109 pounds of frozen. Chile was the largest supplier, providing 8.6 million pounds. □

Summary: A poor West Coast showing of Dungeness crab reduced inventories, firming prices. In the U.S. lobster market, 1989 started tough and ended tough.

Crab and lobster

Short of expectations

On the West Coast, the year began with disappointing Dungeness yields and high inventories. By spring, Dungeness quality had improved, but the crabs were soft and there were product returns. Prices ranged from $1 to $1.25, with cooked crabs below $2.

One seller described the fall season as "a bust" and the January 1990 season (opening was late this year) as "a major bust." Ex-vessel prices were $1.25 to $1.75, with clusters fetching $3.50.

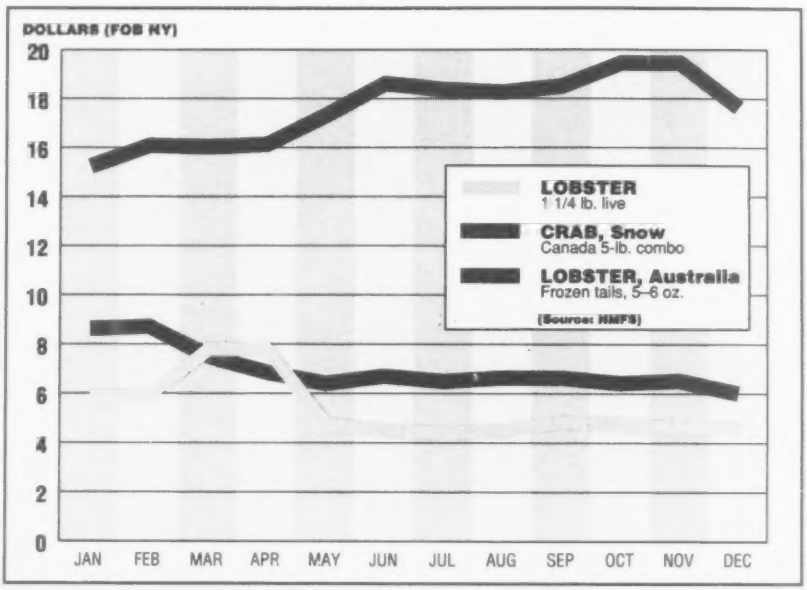
Good holdings of frozen Alaska Dungeness were available throughout the year. The poor coast showing firmed prices and reduced inventories. By year's end, whole cooked crabs were fetching about $2.50 a pound wholesale, and product was getting scarce.

Opilio landings in 1989 were high and prices were weak, never to recover. By the end of January there were 7.5 million pounds in storage (double the previous year's figures), and prices were at around $2.85 a pound for 8's and up, $2.50 to $3.10 a pound for 5-8's and $2.40 to $2.60 for clean-shell bulk packs. By April, after the Japanese had bought what they wanted and inventories were high, the price on bulk packs had dropped 15 to 20 cents a pound.

> *"We got killed. Nobody made money."*
>
> —Boston lobster supplier

Big purchases by the Red Lobster chain may have stopped the price from falling even lower. One catcher/processor summed up the opilio situation succinctly: "The hell with it." His company stopped fishing for opilio.

Low opilio prices have given new vigor to the bairdi fishery. Bigger than opilio and smaller than kings, the bairdis were wholesaling to Japan for $4.75 a pound for No. 1 sections.



King crab markets were steady throughout 1989, although heavy Japanese buying of Bering Sea red king production created an early-season crunch. Adak red prices went from $9.25 to $9.50.

Lobster

For the U.S. lobster market, 1989 started tough and ended tough. In between, supply was good and prices moderate, although, said one Boston supplier, "We got killed, totally murdered. Nobody made money in 1989."

Coming off the winter of 1988, prices were extraordinarily high, due to scarce supply. When wholesale prices climbed past $6, demand screeched to a halt. By late '88 to early '89, prices started to moderate. During peak holiday demand, prices were a moderate $4, wholesale. Domestic demand was down, but sales in Europe were excellent.

By late spring, supply was plentiful, but suppliers had a hard time convincing their customers, stung by high winter/spring prices, to come back aboard.

Limited supply could not meet heavy holiday demand and prices went through the roof, surpassing $6 a pound, wholesale. The '88 cycle repeated itself: orders dropped off, except for in Europe. Said a Gloucester supplier of the winter of '89, "This was one of the shortest sources of supply we've had in a long time due to severe weather." The year ended with less demand overall but even less supply, creating high prices.

From January to November 1989, the U.S. exported 6.2 million pounds of live *Homarus* lobster worth approximately $25 million. The biggest customers, respectively, were Japan, Italy and France. In the fresh market, 2.3 million pounds of *Homarus*, worth approximately $10 million, were exported. Japan was the largest customer, followed by Great Britain. Rock lobster exports, frozen, were 3.8 million pounds, worth $12.6 million, with Sweden by far the largest customer. □

Summary: Scarce supply, increased aquacultured product, bad publicity, wide price swings and strange weather patterns made it a hard year for mollusks.

Mollusks

A market weakened by safety concerns

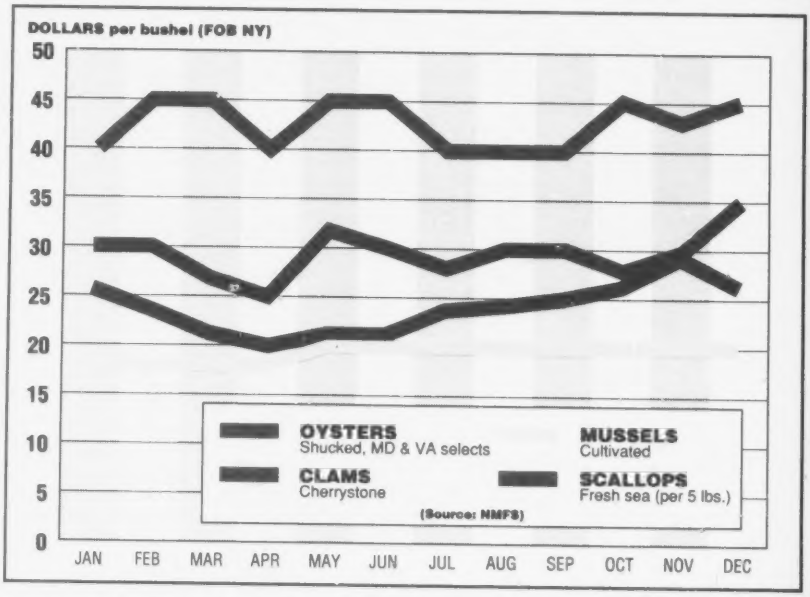
The Atlantic mollusk market in 1989 defied clear-cut definition. When the market should have been up it was down, and down when it should have been up. A host of factors shaped a a colorful, if not very strong, year for the market.

The year opened with a five-day closure of the fishery at Cape Canaveral for a shuttle launch. The interruption turned out to be convenient, as bad weather moved in and scallops were small anyway — 275-300 count and $26 a gallon. The year-round sea-scallop fishery traditionally peaks in February-March, but in 1989, a lot of Canadian and New Bedford scallops came on the market and kept prices relatively low. Demand was also off. By spring, prices dropped to $4 a pound for Canadian product. Calicos were $18-$24 a gallon for 100-150 count.

Scallops were a bargain in July and August, after an immense new bed in the 20-30 count range was discovered between Cape May, N.J., and the Virginia Capes. Domestic abundance plus low-cost imports caused prices to drop to $4.50, wholesale. Gulf and Mexican calico production dropped off in the fall and prices went up to $5.10, from suppliers, for 10-20s. By November, demand and inventory were both scarce. Scallops were a holiday bargain until winter hit; then prices reached $5.25, ex-vessel, and stocks seemed to get smaller.

The last two months of the New England season were a bust due to severe weather, short supply and shrinking stocks. The Gulf and New England markets experienced strong holiday demand but little supply, and then encountered a post-holiday lull. The Gulf saw a lack of adult stocks.

Mussels continue to gain market share, particularly as value-added product. Wild and farmed were readily available during the year, except during summer spawning months. Prices were $21 to $22 per cultivated bushel. Clams and oysters had a tough year due to negative publicity. Clam stocks were average to low and oysters were in good supply. Demand was high through the holidays. Steamer prices fluctuated wildly, from $65 to $110 a bushel. Fryers ranged from $45 to $60 a gallon, the price driven by lack of stocks. Oysters went for $20 a sack.



The year closed with news of

Clams and oysters had a tough year due to negative publicity.

Canadian destroyer firing a shot across the bow of an American scalloper allegedly poaching on the Canadian side of the Hague line and the airing of an unflattering "20/20" news segment on water pollution and shellfish safety.

In a rosier scenario, Pacific Coast oyster, clam and mussel farmers are in the happy position of seeing their product fetch higher prices as both production and demand increase.

Overfishing of wild B.C. stocks has raised the price of farmed Manila clams to around $2 a pound. B.C. and Washington state mussels are expected to hit about $1.65 a pound, with more production and demand.

Oyster farming hasn't seen such strong growth as clam and mussel farming, but the pattern of increased production, demand and price is evident here, too.

Shucked oysters have risen about $2 per gallon over the past year. In the shell, Pacifics fetch anywhere from $2.50 to $4.50 a dozen, depending on size and quality, and European flats fetch from $5.40 to $7.50 a dozen. Prices have been level or rising slightly, depending on whom you're talking to.

The bad news is the mounting concern over the environment. Washington state farmers have hired a lobbyist to push for maintaining higher water-quality standards in Puget Sound. The area is also experiencing pressure as a result of increased population in recent years. □

Summary: Aquacultured shrimp came on strong in 1989 and, for the most part, demand kept pace with the increasing supply. Resulting lower prices were good for buyers and consumers, but not for the U.S. shrimp fleet.

Shrimp

Sustained market growth

In shrimp, 1989 was the year of the black tiger. Originally a West Coast item, this shrimp made inroads all across the country and gained increasing acceptance. The true impact of the sheer numbers of tigers began to show up in the last quarter. By then, they'd established themselves in the Midwest, in the South and on the East Coast. While consumers had been put off by the dark shells, they were willing to try the shrimp at low prices, and apparently liked what they found.

There was plenty of supply to meet growing demand. Production boomed in Asia, with Thailand, the Philippines and Indonesia and Malaysia the prime suppliers. More and more often, black tigers are being sold tail on, cooked, peeled and deveined. Asian processors are becoming more adept at delivering the quality value-added product, and black tigers look a lot prettier this way.

The shrimp got cheaper and cheaper, bottoming out in the summer. The prices of 21-25 black tigers moved from the $7 to the $4 range. By the beginning of 1990, they'd moved up a little, to $4.25, but they were expected to drop back down after Asian harvests brought more to market. The black tigers brought the whole shrimp market down with them, and 1989 saw prices move steadily downward until they reached 1984 levels.

Overseas, the tigers were a factor in world markets, making inroads among European consumers and affecting the all-important Japanese market, too. While U.S. shrimp inventories have ebbed and flowed, they have remained relatively stable; Japanese inventories during the past five years have doubled.

By mid 1989, the Japanese shrimp market was weak, and black tigers were being dumped in a falling market, sending even more product to the U.S. By fall, however, Japanese imports were up again, absorbing record amounts of Indonesian and Thai shrimp.

Political events in China had given some sellers hope of a firming in shrimp prices. China had become the No. 1 supplier of shrimp to the U.S., nudging out Ecuador from the top spot.

Despite its troubles, China continued to ship whites, but the Chinese were cautious in a falling market and waited until product was sold before shipping it. There was some slowing of Chinese product in the last quarter : "Just another window for tigers," according to Roger Anderson of Bee Gee shrimp.

Mexico's shrimp season, beginning in September, started strong but ended earlier than usual. Mexican shrimp sales had been affected by the plentiful and cheap black tigers, but Mexico's seafood-marketing arm, Ocean Garden Products of San Diego, put together a last-quarter promotion with strong incentives for distributors and moved a lot of Mexican pink, white and brown shrimp, according to the company's Dixie Blake.

All in all, the U.S. imported 156,900 metric tons of shrimp, which was a new record. Barring disease or disaster, there's no end in sight to the flood of shrimp reaching our shores. (And, as more and more countries get into the game, the effect of potential crop disasters becomes less significant.)

On the domestic front, Gulf shrimpers had reasonably good catches this year. However, lower prices, controversy over TEDS (turtle-excluder devices), questions over the health and management of the fishery, higher diesel and insurance prices, an aging fleet and more boats participating made the future of the domestic fleet look grim indeed.

While representing only a small portion of the market, West Coast cold-water shrimp landings were high (up to 33,000 metric tons), with fishermen settling for substantially lower prices.

In the face of sagging seafood sales, shrimp consumption rose.

They had to. They'd virtually priced themselves out of the market in the last couple of years.

Consumers took advantage of low prices, and bucking a trend of sagging

AVALON BAY FOODS

Processing shrimp in a glistening, state-of-the-art plant in Indonesia, the world leader in terms of acreage devoted to shrimp production.

overall seafood sales, shrimp consumption rose. Low prices and abundant supply enabled Americans to munch more than 200,000 metric tons of shrimp during the first three quarters of the year.

The shrimp market, once driven by South America, is now driven by Asia. A consuming nation, the U.S. can only watch and see what the market will do. As world production increases at such a fast clip and prices drop, the question of shakeouts will arise. When will shrimp prices sink lower than the break-even point? The production boom and pricing bust of global farmed-salmon production could happen to shrimp a few years down the road. Until then, expect plenty of product and continued low prices. □